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3 MAR 1976

MEMORANDUM FOR: AD/DCI/IC

SUBJECT : CIA Comptroller Comments on Draft CFID No. I

1. In response to a request from [] we have reviewed the draft CFID No. I given to us on 27 February and have the following specific comments.

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2. The bulk of the draft CFID is devoted to the issue of defining the National Foreign Intelligence Program. Comment from CIA on this material is irrelevant since we are included in all definitions of the NFIP. As a matter of form, however, it would be preferable to combine Parts 2, 3, and the section called "Composition of the NFIP" into one section in order to eliminate much needless repetition. Second, I wonder whether the first CFID ought not to be devoted entirely to the question of defining the Intelligence Community, without treating any other subjects.

3. On the reprogramming question we have no substantive problem with the position you have taken. It might, however, be desirable to take more time to consider whether the proposal you have made for handling the reprogramming problem will really meet CFI needs. In the case of CIA, I suspect it will. I am less sure about some of the other programs. There is a phrase in the Executive Order referring to the CFI's responsibility for "management" of the Community. I understand that so far there has been little agreement as to what such "management" may mean. Possibly a separate CFID dealing with the question of management could be developed around the reprogramming issue.

4. Most of our comments are focused on Part 4 of your draft together with the graphic illustrating the CFI programming-budgeting cycle. A general observation is that the cycle seems designed primarily to accommodate to the needs of the CCP and GDIP program managers. It is not particularly relevant to our needs in CIA; in fact it is to some degree inconsistent with

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our requirements. Nor would it appear to correspond to the management needs of the NRP as I understand them. While this problem probably cannot be reconciled in the very near future, the addition of some general words in the draft to the effect that you appreciate the differences in cycles and will attempt to deal flexibly with the needs of the various program managers in adapting to a new cycle might be helpful.

5. The resource review process spelled out in the draft emphasizes the existence of separate program and budget cycles. We are not entirely sure how these separate processes work in the Department of Defense. At one time, CIA had similar separate processes for arriving at an agreed program and, subsequently, a corresponding budget. At the present time, however, we accomplish both tasks simultaneously. As our present resource review cycle is designed, we could not respond to a requirement this year to present a program in July and a budget at some later date. In this connection your draft provides that PMBRs (presumably Program Manager Budget Requests) are to be submitted to CFI by 15 September and reviewed by the CFI by 1 October. This provision seems geared to Defense participation in a joint review process with OMB. CIA has never had such a requirement. As noted, our budget decisions have generally been made by at least the first of September, and they are not really separate from the Program Review conducted in July.

6. On a related timing issue, the CFI program review is scheduled between the middle of June and the last week of July; our internal program review with the directorates, Management Committee, and (in the past) the Director is scheduled at about the same time--between 28 June and 10 July. Starting this late in the year to adjust our timing will be extremely difficult. If the CFI were to review our program after that, between 10 July and 23 July, and if it could issue its decisions rapidly, our financial guidance letters could be issued, our data base corrected, and our OMB budget submitted by 1 October. This is practical, though OMB has been pushing us to make our budget available on 1 September, not 1 October.

7. The draft places some emphasis on the existence of CFI fiscal guidance. I suspect that fiscal guidance is a much more important part of Defense's review of its intelligence and other programs than it has ever been for CIA. CIA has generally received fiscal guidance in some form from the Office of Management and Budget but generally at a point in the year when it was very difficult to take account of this guidance in any meaningful way. In

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addition, the guidance has always been developed by OMB before there existed any comprehensive understanding at OMB or even within CIA as to what program managers wished to do in the forthcoming budget year. The same is probably true of the guidance Defense gives to the various DoD components. I think that it is important to consider whether you want to place a fiscal guidance "straight jacket" on the new CFI review process. Certainly at a minimum there must be a way for program managers to express needs which go beyond fiscal guidance. I ask you to consider, however, whether you would not be in a better position to conduct an intelligent CFI review without initially imposing restrictive fiscal guidance.

8. The graphic chart mentions POMs and PMRPs. CIA does not have these and has not yet discovered that it needs them. Whatever a PMRP is, it is scheduled early in June about the same time that CIA directorate programs are due in the Office of the Comptroller. We will not be in any position to submit anything to the CFI at that time unless we back our schedule up a month, something which cannot be done for the fiscal 1978 cycle.

9. The above comments are focused on items now in the draft CFID. There are, however, several points not contained in the draft which might be considered for incorporation. The first point we would make is that the draft provides for the production of an NFIP budget document for submission to OMB. We assume that this will be a summary document with supporting detailed materials to be produced by the various program managers for separate submission to OMB. If this is the case it would be useful to spell this out. If you have another approach in mind, that too should be spelled out.

10. Second, the schedule as we read it appears to imply an end to the joint OMB/Defense review for the CCP and whatever portions of the GDIP are ultimately included in the NFIP. This point should be made more explicit. In so doing, it would be useful to set forth a basic concept for the OMB review of the NFIP. Our view would be that this review should be worked out between OMB and the various NFIP program managers and that you should participate in this process. If I am not reading the draft correctly and it does not imply an end to the joint review process, I would like to be on record as opposing any kind of joint review between CIA and OMB. The procedure is an awkward and cumbersome one, which should only be resorted to if no other, better, procedural arrangement can be developed.

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11. Third, I believe that a CFID establishing a new resource review process should make explicit the CFI's intention to have a joint Congressional budget presentation under CFI auspices. As above, it would be useful to spell out the relative responsibilities of the CFI supported by the IC Staff and the individual program managers in the contemplated presentation. Again as above, I assume that the CFI will wish to produce a summary budget document which program managers will then support with more detailed materials of the type traditionally produced. If this is not your intention, we should understand what you have in mind.

12. Finally, I think it would be helpful if the draft could establish in at least a preliminary way what the relative responsibilities of the CFI and the IC Staff on the one hand and the various program managers on the other will be during the proposed July program review. You will wish to maintain some flexibility here, and that is understandable. It would help everyone who will be a participant in this process, however, if the role you plan to play could be made more explicit. I believe, for example, that the most important function the CFI can accomplish is to highlight issues which cut across the entire Community in a way in which no individual program manager can. Approaching your task in this way would help ensure that you are not duplicating the functions of the individual program managers, and it would establish the basis for a constructive relationship between program managers and the new Committee. (The adoption of such an approach will also to a degree suggest how the IC Staff should be organized and staffed to carry out its responsibilities.)

13. We welcome the opportunity to discuss these and other points with you as these plans proceed.

[Redacted Signature]

JOHN D. IAMS
Comptroller

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